

International Trade & Protectionism- Background

The conflict between maximization of output and protection of local industries and traditional lifestyles can be clearly seen in the reluctance of many governments to allow the international market place to determine who should be the food producers for the world and who should specialize in some other economic activity.

Nations will resort to various forms of protection such as tariffs and import quotas to reduce the demand for imported goods and services.

Governments argue that their policies should look after economic development from the perspective of the long run rather than accept the short run judgments of the market place.

Nations are reluctant to allow their agricultural sectors to disappear for a number of reasons:

- agriculture is a way of life that has many traditional values and beliefs associated with it that many people do not wish to see lost from their society;
- the rural farm pressure groups in many nations are powerful because they can often hold the political balance of power within society;
- many nations do not want to lose their agricultural industry because they have learned through bitter experience that they should not depend on some other country for their food supply.